



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Scott M. Matheson, Governor
Temple A. Reynolds, Executive Director
Dianne R. Nielson, Ph.D., Division Director

4241 State Office Building • Salt Lake City, UT 84114 • 801-533-5771

September 26, 1984

TO: Board of Oil, Gas and Mining

FROM: James W. Smith, Jr., Administrator Mineral Resource Development and Reclamation Program *JWS*

RE: Robert J. Barnes, Poor Boy Claims, ACT/019/011 and DOE/019/025, Grand County, Utah

Please find attached a memorandum dated September 5, 1984 from Pamela Grubaugh-Littig, Reclamation Engineer, concerning the proposed reclamation surety for the above operation.

As discussed in the attached memorandum, Mr. Barnes is proposing to put a portion of his deeded property up as security for the required reclamation surety. The Division believes that this proposal is not adequate and recommends that an irrevocable letter of credit be obtained from a reputable bank, using Mr. Barnes' property as collateral with the bank rather than the Division. A revised 1984 surety estimate has been made by the Division which now places the amount to be posted at \$14,294.00 in 1985 dollars.

An inspection of the Poor Boy Claims was made by Tom Tetting and Jim Smith on August 22, 1984, at which time it was observed that mining activities were again being conducted on-site at the direction of Mr. Robert Barnes. Please see attached a memorandum to the file from Tom Tetting dated September 14, 1984.

Mr. Barnes is in direct violation of the Board's Order dated March 22, 1984 in that: (1) he has failed to post the minimum required reclamation surety; (2) he has not performed any noticeable reclamation of the property; (3) he has not submitted the required mining and reclamation plan for his proposed activities; and, (4) he is conducting current mining related activities prior to complying with the aforementioned Board requirements. A copy of the Board's Order is attached for your information.

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Memorandum - Board of Oil, Gas and Mining
ACT/019/011 and DOE/019/025
September 26, 1984

Since the above items are related to the Board Order, the Division is requesting the Board's opinion in the direction to proceed regarding Mr. Barnes and the Poor Boy Claims.

I apologize for not being able to provide this information and request in time to be a part of your advance information packet.

btb

Attachments

cc: Barbara Roberts
Dianne Nielson
Ron Daniels



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September 5, 1984

TO: James W. Smith, Jr., Administrator, Mineral Resource
Development and Reclamation Program

FROM: Pamela Grubaugh-Littig, Reclamation Engineer *pgl*

RE: Property Not Adequate for Reclamation Bond, Robert J.
Barnes, Poor Boy Claims, ACT/019/011 and DOE/019/025,
Grand County, Utah

In response to the letter from Mrs. Barnes who "is willing to put a portion of their deeded property up as security," I have some comments that may need Board response:

1. The \$12,125.00 (1983 dollars) reclamation bond estimate needs to be escalated.
 - *1.04 percent for 1983 - \$13,386 (1984 dollars)
 - **6.78 percent for 1984 - \$14,294 (1985 dollars)
 - \$14,294 should be posted.
2. The property that Mrs. Barnes included in the letter has a 1984 market value of \$9,150 (per a conversation with the Grand County Assessor on September 4, 1984).
3. "Collateral" is an acceptable form of surety as stated in UCA 40-8-14(3). However, using property as a collateral form of surety has not been used before by the Division. A more acceptable form of "collateral" bond is an irrevocable letter of credit. With the irrevocable letter of credit, the bank takes the risk with the property and handles all of the arrangements (paperwork).

*Means Historical Cost Index Figure.

**Average of three preceding years of the Means Historical Cost Index.

Page Two

Memorandum - James W. Smith, Jr., Administrator
September 5, 1984

Pursuant to the Board Order, the respondent (Barnes) had to cease mining activities. Prior to resuming any mining, mining exploration, testing of experimental extraction processes or any other activity relating to the extraction of minerals, the respondent must comply with all applicable statutes and regulations. Due to the fact that he has not posted adequate surety yet, he should not be mining (or conducting any other activity) on his claims.

In summary, this property is not adequate surety for this operation. An irrevocable letter of credit should be recommended as a form of surety using this property as collateral. However, the \$14,294.00 reclamation estimate requires more than this property.

btb

cc: Dianne Nielson
Ron Daniels
Sue Linner

90750-29 & 30

Attn: James W. Smith, Jr.

File DOE 1024
ACT 09 011

Coordinator
Wilderness Land Development

Dear Sir,

Here is my letter as promised. We are willing to put a portion of our deeded property up as security on the \$12,500.00 reclamation bond that you have asked for. In 1972 we subdivided & sold 30.5 acre tracts at an average of \$7,500.00 apiece. Today's prices they are re-selling at \$12,500.00. We are doing this with the understanding that if we can sell the property we can get the land released & put up the cash bond instead.

at present we are doing testing, exploration & experiment work. During the course of this work we will be working on the reclamation of our part of it to make it look better. When we get a recovery method that is profitable & feasible we will submit a complete plan & flow sheet.

Enclosed is a copy of our 1983 Tax bill. The property is free & clear of any debt. I hope this is an adequate letter. If not let us know.

JIM

Thank you.

AUG 29 1984

Box 313

PISO, UT 84515

Shirley J. Barnes

GRAND COUNTY TAX NOTICE, 1983 STATE OF UTAH No 389

Your property taxes for 1983 are now due and payable at the Grand County Treasurer's Office. NO receipts will be mailed without a stamped, self addressed envelope. PLEASE BRING THIS NOTICE WITH YOU AS IT WILL BE YOUR RECEIPT WHEN SIGNED.

BROOK D
PAGE 33
LINE 13

TAXES BECOME DELINQUENT, WEDNESDAY, NOVEMBER 30th at 12:00 o'clock, noon,

22-29-7.8.10.14
Robert J. & Shirley J. Barnes
Box 225
Circleville, Utah 84515

and are subject to a penalty of two percent 2% or \$10.00 whichever is greater. After Jan. 15th, they are put on tax sale record and bear interest at the Federal Discount rate as of January 1st, 1984.

- DESCRIPTION -

Lots 1 & 4 & SE1/4 & NE1/4, Sec 29,
T22S, R24E.



PROPERTY ASSESSED	1983 ASSESSED VALUE
TOTAL REAL ESTATE	1830 ⁰⁰
TOTAL BLDGS. & IMPROVEMENTS	
PERSONAL PROPERTY	
MOTOR VEHICLES	
COMMERCIAL & INDUSTRIAL MACHINERY	
AGRICULTURAL MACHINERY	
OTHER	
MOBILE HOMES	
RANGE CATTLE	
HORSES & MULES	
SHEEP	
TOTAL PERSONAL PROPERTY	
TOTAL ASSESSED VALUE	1830 ⁰⁰
AMOUNT OF TAX	
TOTAL TAX FOR GENERAL PURPOSES	
AGRICULTURAL & WILDLIFE DAMAGE PREVENTION	
CIRCUIT BREAKER	
COUNTY ABATEMENT	
VET'S EXEMPT.	
TOTAL TAX	\$ 88 ³⁰
2% PENALTY OR \$10.00	
TOTAL TAXES AND COSTS	


IMPORTANT: The Board of Equalization will meet on August 1st and August 22nd between 3 p.m. and 8 p.m. to correct errors in tax assessments. BRING YOUR TAX NOTICE WITH YOU.

The valuation of property hereon described in Grand County has been determined by the County Assessor, as shown above. If there are any errors, call at the Assessor's Office for correction. Notify the County Assessor if there is any change of address.

DONNA C. LOVERIDGE, County Treasurer
125 East Center Street, Moab, Utah 84532

September 14, 1984

TO: File

FROM: Thomas N. Tetting, Geologist 

RE: Inspection and Status of Robert Barnes' Poor Boy
Claims Operations, ACT/019/011 and DOE/019/024, Grand
County, Utah

On August 22, 1984, Tom Tetting and Jim Smith from the Division visited the site of Robert Barnes' Poor Boy Claims-placer operation on the Colorado River. At approximately 11:50 a.m., the operator of a front-end loader was observed working on site. There was evidence of material recently "mucked-out" of settling ponds which was laid out to dry adjacent to both of the newly built water impoundments. Several new cuts were photographed along with the current assortment of equipment used in the gold extraction process. Joe Hill, the equipment operator, was questioned about the operation and indicated that Mr. Barnes was his employer and was home if we wanted to talk to him.

Mr. Barnes received Jim Smith and Tom Tetting into his home about three miles north of the operation at 12:30 p.m., to discuss the situation. The March 22, 1984 Board Order and possible surety arrangements were also discussed. Mr. Barnes acknowledged that "testing" was again occurring on the Poor Boy Claims under his direction for a limited time. He did not feel he was in violation of the March Board Order. Contemporaneous reclamation, i.e., regrading of previous excavations was pointed out as still being lacking from the site and Division representatives suggested that he was not in compliance with the Board Order or the Mined Land Reclamation Act. Mr. Barnes had not begun the process of developing a mining and reclamation plan at the time of the visit. He spoke of putting his property up for collateral and he was told that the proposal would be considered when it was submitted in writing.

Mr. Barnes' last prior communication with the Division came as a phone call to Tom Tetting on May 21, 1984, during which he provided information requested on his May 18 visit to the Division's offices. At that time, he obtained a copy of the Board's Order and notified Mr. Tetting that he would be starting operations elsewhere. He was cautioned to submit a written notice. Jim Smith became aware of the action on Tuesday, May 22, 1984.

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Memorandum - File
September 14, 1984

A letter received on August 29, 1984 explained Mr. Barnes' intention to place his property up as surety to the State. It also explained his current actions on the Poor Boy Claims. The information has been evaluated by Pam Grubaugh-Littig in her memo of September 5, 1984 to Jim Smith and found to be insufficient to meet the standards for surety arrangements.

It is my opinion that this matter should be discussed further with the Division management in order to resolve the problem and set a course of action.

btb

cc: Dianne Nielson
Ron Daniels
Jim Smith
Wayne Hedberg
89860-43 & 44

BEFORE THE BOARD OF OIL, GAS AND MINING
DEPARTMENT OF NATURAL RESOURCES IN AND FOR THE STATE OF UTAH

DIVISION OF OIL, GAS and	:	
MINING,	:	
Petitioner,	:	ORDER
vs.	:	Docket 84-001
ROBERT J. BARNES,	:	Cause No. DOE/019/024
Respondent.	:	

Pursuant to the Summons issued by the Board to Robert J. Barnes, Howard Davidson, Dave-Tex Corporation, James Swope Engle, Engle Industries, Inc., Leo Lemay, Diatex, Inc. and Merrill Herod, collectively referred to as Respondents, this cause came on for hearing on July 28, 1983. The matter was continued until August 25, 1983, again until September 22, 1983, again until October 27, 1983 and then indefinitely until all parties involved were served and had an opportunity to be heard on this matter.

The following Board members were present and voting:

Gregory P. Williams
John M. Garr
Constance K. Lundberg
Richard B. Larsen
Charles R. Henderson
E. Steele McIntyre

Robert J. Barnes appeared on behalf of himself, the Division was represented by Barbara W. Roberts, Assistant Attorney General and the remaining parties above were neither present nor represented by counsel.

Now, Therefore, the Board, having fully considered the testimony introduced and the exhibits received at said hearing, makes the following Findings of Fact, Conclusions of Law and Order:

FINDINGS OF FACT

1. Due and regular notice of the time, place and purpose of the hearing was given to all interested parties in the form and manner and within the time required by law and the rules and regulations of the Board.

2. The Board has jurisdiction over all matters covered by said notice and over all parties interested therein and has the power and authority to make and promulgate the Order hereinafter set forth.

3. The area involved in this cause is located in Grand County, State of Utah and consists of five mining claims en-

titled the Poor Boy 1, 2, 3, 4 and 5, hereinafter "Claims."

4. Robert J. Barnes (Barnes) first became involved with the Claims sometime in 1975 when he performed some experimental work on Claims 1, 2 and 3 and filed an affidavit of labor for the work on those claims. Barnes, along with Ray Bransom, Jr. (dba B+B Mining Co.) purchased the claims from Merrill Herod on or about August 25, 1980.

5. Sometime subsequent to the purchase by Barnes and Bransom but during 1980, Howard Davidson, dba Dave-Tex, began negotiating with Barnes and Bransom to obtain a lease for the claims.

6. In approximately February, 1981, Diatex Corporation, a Canadian Corporation, moved onto the claims and began working them pursuant to an agreement between Diatex and Howard Davidson as Lessee.

7. During the period from February, 1981 until early in 1982, environmental degradation occurred as a result of a placer mining operation on the claims.

8. On or about April 7, 1982, James Swope Engle and Scott Morrison, dba Engle Industries, Inc., entered the claims and began working them pursuant to an agreement with Dave-Tex.

9. During the period between April 7, 1982, environmental degradation occurred as a result of a placer mining operation on the claims.

10. Sometime during the last months of 1982, Dave-Tex entered into an agreement with a third party described only as "The Irishman."

11. Dave-Tex and "The Irishman" hired Barnes to work a portion of the claims during which time about 4,500 tons of material was moved from an area of about 800 square feet and, as a result, environmental degradation occurred.

12. During the period beginning in 1975 to the present, more than 2 acres (approximately 22 acres) has been disturbed as a result of the placer mining operations.

13. No mine plan nor reclamation plan has been submitted to the Division of Oil, Gas and Mining (Division) nor has any approval for mining operations been granted to any respondent by the Division.

CONCLUSIONS OF LAW

1. Respondents have violated Section 40-8-1 et. seq., Utah Code Annotated (1953, as amended) and the rules and regulations promulgated by the Board pursuant to such statute in failing to obtain a permit to mine the claims.

2. Respondents are jointly and severally responsible for any and all restoration of the disturbed area which may be required by the Division or Board under the laws of the State of Utah.

It is therefore ordered by the Board as follows:

1. All Respondents are hereby ordered to cease mining activities upon the claims.

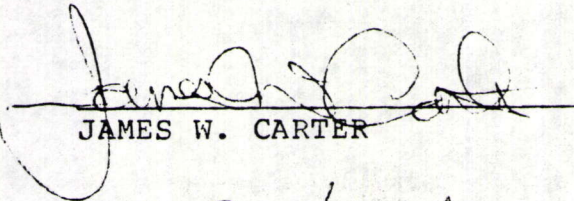
2. Prior to resuming any mining, mining exploration, testing of experimental extraction processes or any other activity relating to the extraction of minerals, that Respondents comply with all applicable statutes and regulations.

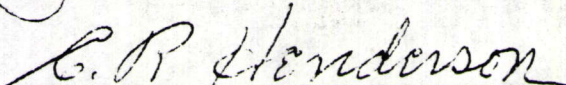
3. In the event that a proposed mine plan has not been received by the Division by May 31, 1984, or should Robert J. Barnes, as owner of the claims, notify the Division of his intent to permanently cease operations, then the Division shall require the Respondents to fully and completely reclaim the disturbed area pursuant to a reclamation plan approved by the Division. The Division may require that a bond be secured prior to completion of reclamation. Extensions for receiving the proposed mine plan may be granted by the Division if Respondents are, in good

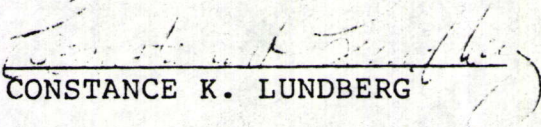
faith, attempting to comply with this Order, the regulations and statutes.

DATED this 22nd day of March, 1984.

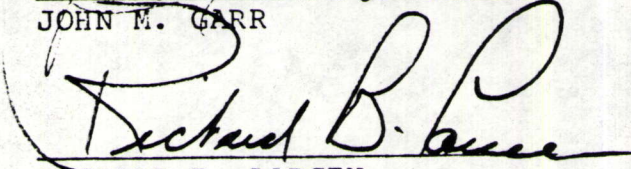

GREGORY P. WILLIAMS
Chairman


JAMES W. CARTER


CHARLES R. HENDERSON

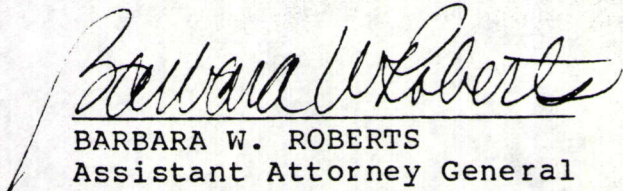

CONSTANCE K. LUNDBERG


JOHN M. GARR


RICHARD B. LARSEN

E. STEELE MCINTYRE

APPROVED AS TO FORM


BARBARA W. ROBERTS
Assistant Attorney General